

2023 Update to Analysis of Resources Needed to House Everyone in New Mexico

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In 2019 the New Mexico Coalition to End Homelessness, with help from the New Mexico Department of Health, developed an analysis of what it would take to house all of the people who are experiencing homelessness in New Mexico. The analysis was based on data from the New Mexico Homeless Management Information System (HMIS).

This is an update of that analysis using 2023 data from the New Mexico HMIS. The discussion of best practices contained in the 2019 paper still applies. This update is meant to be read in conjunction with the earlier paper.

Estimate of total number of people experiencing homelessness

From July 2022 through June 2023, HMIS reported that 13,098 people experienced homelessness and sought help through an HMIS participating agency. Since HMIS is only used in counties serving about 68% of New Mexico's population, we took 13,098 divided by .68 and got an estimate that 19,262 people experienced homelessness during that one-year period. We feel this estimate is roughly accurate when you consider that the two factors we cannot account for would tend to cancel each other out. People from rural counties where HMIS is less likely to be used tend to go to more urban areas to seek help where HMIS is used. This factor is countered by the fact that some people in HMIS counties do not seek help from an HIMS agency.

The HMIS data shows how many people seeking help were disabled or not disabled as well as the family situation of each person.

Rental rates

For the purpose of calculating the amount of rent that would need to be paid to house each person, we used 120% of the Albuquerque Fair Market Rent. We used Albuquerque because it is the largest city and its rents fall in the middle for the state with Las Cruces and Farmington being slightly less expensive and Santa Fe being slightly more expensive. Fair Market Rent (FMR) computed by HUD is for an apartment at the 40th percentile price for a given community. Since very few apartments are available at the FMR we used 120% of FMR as the price that would actually need to be paid.

The rents used are \$1,206 for a one bedroom apartment, \$1,466 for a two bedroom and \$2,066 for a three bedroom. For unaccompanied individuals we used the rent for one bedroom apartment and for families we used the average of the rent for a two bedroom and a three bedroom apartment.

The rent paid by the program is the total rent minus the amount paid by the client. For the disabled households, the household portion of the rent is estimated to be 30% of the amount they would get from SSI. For Non-Disabled households, the household portion of the rent is estimated to be 30% of a minimum wage full-time job.

Calculations of Amount Needed to House Every Homeless Household

The tables calculate the cost to house the people experiencing homelessness in New Mexico. Attached is a spreadsheet with all of the calculations.

<u>Cost for Disabled Groups</u>	<u>Households</u>	<u>Annual Rent Cost</u>	<u>Total Cost</u>
Adults w/o children	6,624	\$ 11,181.60	\$ 74,067,865.55
HH w/ children	628	\$ 17,083.80	\$ 10,726,335.16
Only children	128	\$ 11,181.60	\$ 1,430,606.79
Total			\$ 86,224,807.50

<u>Cost for Non-Disabled Groups Rent assistance: 6 months for adults, 12 months for youth</u>			
	<u>Households</u>	<u>Unit cost</u>	<u>Total Cost</u>
Adults w/o children	4,215	\$ 3,492.00	\$ 14,718,921.06
HH w/ children	3,246	\$ 6,854.40	\$ 22,249,698.30
Only children	130	\$ 6,984.00	\$ 904,838.27
Total			\$ 37,873,457.63

Grand Total Disabled and Non-Disabled \$ 124,098,265.13

With the addition of 10% for staff to manage the program (rounded): \$ 136,500,000

Thus the total amount needed from all sources to house those people who are not adequately helped by current programs is about \$136,500,000 per year. This amount is higher than the estimate from 2019 mainly because there are more homeless households falling through the cracks of the current system now, and also because the cost of housing is higher. It should be noted that even this higher amount is well within the means of the federal, state and local governments that should all be contributing to the solutions.

It will take a number of years to build up to the amount needed to house everyone because housing and service systems will need time to hire qualified staff and build up the programs. Once the level is reached where everyone is receiving the help they need, there could be a decrease in the annual funding needed as many people will work their way out of poverty and homelessness after getting the assistance they need.

New Construction of Permanent Supportive Housing

In addition to the annual cost of operating the housing there is also a need to construct more permanent supportive housing for those with the most severe disabilities, who are not likely to succeed in scattered site housing. As in 2019 we estimate a need for 300 units of permanent supportive housing that is site based. The one-time cost to build these at a current rate of \$320,000 per unit is \$96 million.

Rent Assistance for Homeless Prevention

The annual cost of addressing homelessness could be reduced with an effective program of homeless prevention through emergency rent assistance for those on the verge of homelessness. In the year

analyzed there were 5,344 people without physical or mental health conditions who entered the homeless assistance system. Dividing this number by .68 to account for counties not covered gives an estimate of 7,859 people without disabling conditions experiencing homelessness each year. We can use this number as a rough estimate of the number of households that could be helped to avoid homelessness with emergency rental assistance. We further assume that each household will need three months of full rental assistance which comes to \$4,008.60 for each household using the average between one and two-bedroom apartment rent at 120% of Albuquerque's fair market rent. By multiplying \$4,008.60 times 7,859 we get an estimated need for rental assistance of \$31,500,000 in round numbers. Adding 10% for staff to manage the program brings the rounded total to \$34,500,000.

Total to address homelessness: \$136,500,000

Total homeless prevention: \$34,500,000

Grand total annual cost: \$171,000,000

One time construction cost \$96,000,000